

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6908

BILL NUMBER: SB 400

DATE PREPARED: Jan 6, 2002

BILL AMENDED:

SUBJECT: Punitive Damages.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that when an award for punitive damages is made in a civil case, the state becomes a judgment creditor of the part of the punitive damage award (75%) that would be deposited in the Violent Crime Victims Compensation Fund. The bill permits the Attorney General to settle or compromise claims affecting the punitive damage award.

Effective Date: July 1, 2002.

Explanation of State Expenditures: *Attorney General's Office:* Depending on the specific action taken by the Attorney General in settling the Violent Crime Victims Compensation Fund's share of a punitive damage award, this bill could have an impact on the Attorney General's administrative costs and workload. However, since the bill allows the Attorney General to hire counsel to collect the fund's share of an award and to compensate the hired counsel with collections from the punitive damage award, any impact on the Attorney General's expenditures are expected to be covered using available resources.

Explanation of State Revenues: Under current law, the Violent Crime Victims Compensation Fund is entitled to 75% of the punitive damages awarded in civil cases. This bill clarifies the state's standing in the collection of these damages. The bill makes the state a judgement creditor on behalf of the Fund, giving it the ability to use and enforce a judgement lien to collect the Fund's share of the award. The bill also gives the Attorney General the authority to settle or compromise the Fund's portion of the award in the state's interest. While the specific impact of this bill on the Fund's revenue is indeterminable, it is expected to be positive.

Background on the Violent Crime Victims Compensation Fund: The Violent Crime Victims Compensation Fund is administered by the Indiana Criminal Justice Institute. The Fund assists victims or their dependents with medical expenses, funeral expenses, lost wages, and psychological counseling. The Compensation Fund also allows payment of expenses resulting from the collection of evidence after an alleged sexual assault

without the burden of the expense falling on the shoulders of the victim. Counseling services can also be covered by the Fund if the counseling is physician-ordered. A maximum award of \$15,000 may be paid for any one injury or death, including medical bills, up to \$3,000 for funeral and burial expenses, and up to \$1,000 or \$1,500 for counseling, lost wages, loss of support, reasonable child care services, attorney fees, and emergency shelter services. The Institute receives approximately 150 applications for grants from the Fund each month. Approximately 75% of these claims are approved. Money in the Fund comes from a variety of sources, including:

- (1) fees collected by the court clerk and fiscal officer of a city or town and distributed by the Auditor of State (approximately \$1.5 M annually),
- (2) revenue collected from restitution orders,
- (3) punitive damages (currently minimal),
- (4) various federal funds, and
- (3) appropriations made by the General Assembly (FY 2003 appropriation of \$2.5 M).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General's Office; Criminal Justice Institute; Governor's Office.

Local Agencies Affected:

Information Sources: Jennifer Thuma, Assistant Director of Legislative Affairs, Attorney General's Office, 233-6143; Catherine O'Connor, Executive Director, Criminal Justice Institute, (317) 232- 1233.